GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:149
ANSWERED ON:17.10.2008
RATES OF INTEREST ON LOANS BY BANKS
Oram Shri Jual

Will the Minister of FINANCE be pleased to state:

(a) whether the public sector Banks have increased the rates of interest on various kinds of loans;

(b) if so,the item-wise details of the increase made during the last six months;

(c) the reasons for increasing the interest rates on the loans given to the customers;

(d) whether the Government has any fresh prop.)sal to reconsider the reduction of interest rates; and

(e) if so,the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Public Sector Banks (PSBs) have increased their Benchmark Prime Lending Rates (BPLRs) during the current financial year.However,the item-wise details of the increase in rates of interest of PSBs for various kinds of loans during the last 6 months is not available.

(c): The increase in BPLRs is mainly on account of the monetary measures to control inflation.This includes increase in Repo Rate and the Cash Reserve Ratio (CRR) which in turn has affcGted the cost of funds to banks in recent months.

(d) & (e): Intcrest rates are now deregulated and market based. Government does not determine interest rates.